

Message Text

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44

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

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FM AMEMBASSY CAIRO

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EO 11652: NA

TAGS: USEGJC, EAID, EGEN, EFIN

SUBJECT: DEBTS: PROBLEMS CONTINUE

REF: CAIRO 12565

1. CONFLICTING INFORMATION ON STATE OF EGYPT'S INTERNATIONAL FINANCES CONTINUES TO OBSCURE EXACT STATE OF AFFAIRS, AS REFTEL AND PREVIOUS REVEAL. VARIOUS OFFICIALS HAVE GIVEN US DATA ON CURRENT SHORT-FALL IN HARD CURRENCIES THAT VARIES FROM NONE AT ALL TO \$600 MILLION, WITH LATEST WORD FROM MINFIN ISMAIL TO AMBASSADOR PLACING FIGURE NEATLY IN MIDDLE AT \$300 MILLION.

2. WHILE EFFORTS TO DEVELOP DEFINITIVE NUMBERS HAVE NOT BEEN (AND ARE UNLIKELY TO BE) TOTALLY SUCCESSFUL, BLIMPSES ARE SIGNIFICANT IN THAT THEY FACILITATE EXTRAPOLATION OF GENERAL SITUATION FROM SPECIFIC INSTANCES. IN THIS CONTEXT, FACT THAT FNCB IN NEW YORK HAS EVIDENTLY DISBURSED \$35 MILLION OVER PAST 3-5 WEEKS TO COVER DELIVERIES OF AUSTRALIAN WHEAT UNDER TERMS OF CONTRACTS CONCLUDED FOR THAT PURPOSE, AND HAS NOT BEEN REPAID DESPITE WHAT WE UNDERSTAND HAVE BEEN STRONG REPRESENTATIONS BY FNCB, IS QUITE INTERESTING.

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3. VERY FEW BANKS, IF ANY, HAVE BETTER OR MORE IMPORTANT

RELATIONS WITH GOE, AND IF FNCB IS SUFFERING TYPE OF TREATMENT USUALLY RESERVED FOR LESSER LIGHTS, WE CAN ONLY CONCLUDE THAT THERE IS INDEED A SHORTAGE, AND THAT IT MUST BE AFFECTING FULL SPECTRUM OF CREDITORS. FNCB IS NOT PARTICULARLY WORRIED ABOUT BEING REPAID-EVENTUALLY- BUT IS QUITE ANNOYED AT BEING LEFT UNCOVERED FOR RATHER EXTENDED PERIOD OF TIME, SINCE IT LOOKS BAD ON BOOKS AND REFLECTS ON PEOPLE CHARGED WITH RESPONSIBILITY FOR PROGRAM. MEANING FOR OVERALL EGYPTIAN ECONOMY HOWEVER, IS FAR MORE OMINOUS IF SUSPENSION CONTINUES.

4. COMMENT: NOTWITHSTANDING ABOVE INDICATIONS, LINE BEING TAKEN BY GOE PUBLICLY IS THAT ALL SHORT TERM OBLIGATIONS WERE MET BY YEAR'S END WITHOUT DELAY. AHRAM REPORTED ON FRONT PAGE DEC. 27 MINFIN/TO THAT EFFECT, CITING RECENT NEGOTIATION OF \$200 MILLION IN IRANIAN AND \$50 MILLION IN WEST GERMAN LONG-TERM LOANS. AKHBAR NOTED JAN. 5 THAT GOE HAD DISBURSED LE129.5 MILLION THROUGH DECEMBER IN PAYMENTS ON FOREIGN LOANS, WITHOUT HOWEVER SPECIFYING PRECISE PERIOD INVOLVED. IN SHORT, CONFUSION REIGNS SUPREME ALTHOUGH THERE SEEMS TO BE LITTLE DOUBT EGYPT IN SCRAPING HARD AT BOTTOM OF FOREIGN EXCHANGE BARREL.
MAESTRONE

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